

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE)
ANTITRUST LITIGATION)
) No. 11-CV-2509-LHK
THIS DOCUMENT RELATES TO:)
ALL ACTIONS.)
_____)

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VIDEO DEPOSITION OF STEVEN BURMEISTER

March 15, 2013

REPORTED BY: GINA V. CARBONE, CSR NO. 8249, RPR, CCRR

09:13:16 1 Apple, and I was interested and applied for the role.

09:13:22 2 Q. Where were you working at the time -- or I'm
09:13:24 3 assuming you were working at the time. Were you working
09:13:26 4 somewhere else at that time?

09:13:27 5 A. Yes.

09:13:28 6 Q. Where were you working?

09:13:30 7 A. Rand Corporation.

09:13:36 8 Q. What was the name of the senior director of
09:13:39 9 compensation and benefits who contacted you?

09:13:42 10 A. Valerie Williams.

09:13:50 11 Q. And she contacted you directly sometime around,
09:13:53 12 I'm guessing, early 2001?

09:13:57 13 A. Late 2000.

09:14:01 14 Q. Had you indicated to Valerie Williams that you
09:14:04 15 were looking for other work before she contacted you
09:14:08 16 about a potential opportunity at Apple?

09:14:10 17 A. No.

09:14:18 18 Q. Could you run me through the positions you've
09:14:22 19 held at the company since March of 2001.

09:14:30 20 A. Compensation manager, compensation director.
09:14:36 21 Then as senior director, I had at one time compensation,
09:14:47 22 the company's HRIS group, and HR marketing group as well
09:14:52 23 as HR reporting. And the three groups -- HR marketing,
09:14:59 24 HR reporting, and HR -- the HRIS group -- now report
09:15:05 25 into different areas.

09:15:12 1 Q. Okay. And after senior director of
09:15:15 2 compensation, you moved into your current position as
09:15:19 3 the senior director of compensation -- I'm sorry, senior
09:15:24 4 director of compensation, correct?

09:15:27 5 A. That's the one consistent role I've had.

09:15:29 6 Q. Oh, you -- okay. Got ya. So it just stayed --
09:15:31 7 your title stayed the same, you just dropped three --
09:15:34 8 three of the areas of your work were moved to other
09:15:41 9 departments or other -- you said they now report to
09:15:45 10 different what?

09:15:48 11 A. Different groups within HR.

09:15:50 12 Q. Okay. Got ya.

09:15:54 13 How long did you hold the compensation manager
09:15:56 14 position?

09:16:03 15 A. Approximately three to four years.

09:16:09 16 Q. From March of 2001 to sometime in 2004 or 2005?

09:16:14 17 A. Yes.

09:16:19 18 Q. And you became compensation director, then,
09:16:21 19 sometime around 2004 to '05?

09:16:23 20 A. Right.

09:16:23 21 Q. When did you become the senior director of
09:16:25 22 compensation?

09:16:31 23 A. I believe it was 2007.

09:16:42 24 Q. Did you have a -- was there a job level
09:16:47 25 associated with the compensation manager position; do

09:16:52 1 you know?

09:16:57 2 A. It was -- at the time, early in 2000s, we had a
09:17:04 3 different job structure than we currently have today. I
09:17:08 4 believe it was -- we didn't have levels at that time. I
09:17:11 5 believe it was just compensation manager.

09:17:18 6 Q. And the job structure system came into being
09:17:23 7 sometime around two -- the current job structure system
09:17:26 8 came into being sometime around 2005?

09:17:28 9 A. Yes.

09:17:29 10 Q. Is that right?

09:17:31 11 Was it introduced at the beginning of the
09:17:32 12 financial year 2005?

09:17:35 13 A. Globally, it took approximately six months to
09:17:46 14 implement.

09:17:48 15 Q. Okay.

09:17:50 16 A. So in that time frame.

09:17:58 17 Q. Did the job structure system roll out first in
09:18:06 18 the U.S. and then over the next six months globally or
09:18:09 19 was -- and when -- I guess I'm wondering when you began
09:18:13 20 to operate under the current job structure system.

09:18:18 21 A. The U.S. was the first group to roll under the
09:18:21 22 new process.

09:18:25 23 Q. Okay. Once that new process came into being,
09:18:34 24 did you have a job level associated with your title?

09:18:41 25 A. I believe I was compensation director at that

09:18:43 1 time.

09:18:44 2 Q. And was there -- did that have a level or a --
09:18:49 3 did the compensation director position have a level
09:18:51 4 within the job structure as it existed -- or as it came
09:18:56 5 to exist around 2005?

09:18:58 6 A. Yes. There are two levels of director. Just
09:19:04 7 director and senior director.

09:19:06 8 Q. Okay. Was there a numerical level number --
09:19:18 9 was there a numerical level associated with the director
09:19:22 10 position?

09:19:23 11 A. No.

09:19:24 12 Q. Okay. And I assume, then, not for senior
09:19:27 13 director position either?

09:19:28 14 A. Correct.

09:19:32 15 Q. Okay. Was there a pay range or a salary range
09:19:34 16 associated with your compensation manager position?

09:19:38 17 A. Yes.

09:19:45 18 Q. Was there also a salary range associated with
09:19:47 19 your compensation director position?

09:19:49 20 A. Yes.

09:19:50 21 Q. Was there a -- did you jump from one salary
09:19:54 22 range to another when you were promoted from
09:19:57 23 compensation manager to compensation director?

09:20:01 24 A. Each job is assigned a salary range in the
09:20:05 25 structure. So with each job move, the job is assigned

09:20:11 1 to a different -- it could be a different -- it could be
09:20:14 2 the same if it's overlapping salary structure.

09:20:29 3 Q. And your senior director of compensation
09:20:32 4 position currently is assigned a salary range in the --
09:20:36 5 in Apple's job structure; is that right?

09:20:38 6 A. Yes.

09:20:46 7 Q. Okay. Are all of the senior directors -- do
09:20:52 8 all of the senior directors hold the same salary --
09:21:00 9 well, let me scratch that.

09:21:03 10 Does the same salary range apply to all senior
09:21:06 11 directors in Apple's current job structure?

09:21:09 12 MR. RILEY: Object to the form.

09:21:13 13 I'm sorry. I had to object. Go ahead and
09:21:14 14 answer the question.

09:21:16 15 THE WITNESS: Can you please repeat the
09:21:17 16 question.

09:21:18 17 MS. LEEBOVE: Q. Yes.

09:21:19 18 Are all of the senior directors -- I'm sorry.
09:21:23 19 That was not my question.

09:21:25 20 Does the same salary range apply to all senior
09:21:29 21 directors in Apple's current job structure?

09:21:36 22 A. By "salary range," you mean one salary range
09:21:38 23 for every senior director position?

09:21:40 24 Q. Right.

09:21:41 25 A. No.

09:21:42 1 Q. Okay. How do the -- on what basis do the
09:21:56 2 salary ranges vary for the senior director position in
09:21:58 3 Apple?

09:22:03 4 MR. RILEY: Object to the form.

09:22:11 5 THE WITNESS: Salary -- jobs are assigned to
09:22:15 6 salary ranges based on Apple's determination of market
09:22:28 7 worth and internal value.

09:22:48 8 MS. LEEBOVE: Q. Do -- well, we'll talk
09:22:50 9 about the job structure more later.

09:22:55 10 But before we get there, is the -- does the --
09:22:57 11 does the line of business -- does the particular line of
09:23:04 12 business that a director works in have anything to do --
09:23:07 13 is that correlated to the salary range for that director
09:23:09 14 position?

09:23:15 15 MR. RILEY: Object to the form.

09:23:18 16 THE WITNESS: By line of business a director
09:23:21 17 reports to -- not necessarily, no.

09:23:30 18 MS. LEEBOVE: Q. Okay. Back in June of
09:23:40 19 2012, you testified that part of your
09:23:43 20 responsibilities was to oversee the company's stock
09:23:46 21 option compensation and bonus compensation. Has
09:23:48 22 that remained true through today?

09:23:53 23 A. I am responsible for all of the compensation
09:23:56 24 programs at Apple.

09:24:05 25 Q. Does that include base salaries? Are you

09:24:10 1 responsible for administering the base salary structure
09:24:15 2 at Apple?

09:24:17 3 A. I am, yes.

09:24:26 4 Q. Okay. And are you also ultimately responsible
09:24:29 5 for bonus compensation throughout the company?

09:24:34 6 MR. RILEY: Objection to the form.

09:24:38 7 THE WITNESS: I am responsible for bonus
09:24:40 8 program design.

09:24:43 9 MS. LEEBOVE: Q. Okay. And backing up,
09:24:49 10 are you then -- would you say that you're also
09:24:50 11 responsible for base salary program design?

09:24:55 12 A. Yes.

09:25:01 13 Q. And are you also responsible for the design of
09:25:03 14 the equity grant program?

09:25:17 15 A. With -- by design, it's a little bit different
09:25:25 16 than base salary and bonus. Our equity program is
09:25:34 17 designed in conjunction with our compensation committee.

09:25:49 18 Q. Can you tell me what your -- well, would you
09:25:51 19 describe for me, please, your current job
09:25:55 20 responsibilities as the senior director of compensation.

09:26:02 21 A. My group is responsible for the job structure,
09:26:10 22 the salary range structure, bonus plan design, and
09:26:17 23 equity plan design and administration for Apple.

09:26:37 24 Q. Do you have any responsibility for recruiting
09:26:42 25 employees for Apple?

09:26:44 1 A. No.

09:26:45 2 Q. Have you ever had any responsibility for
09:26:47 3 recruiting employees into Apple?

09:26:51 4 A. No.

09:27:04 5 Q. When does Apple's fiscal year start?

09:27:12 6 A. It varies by year. Generally it's the end of
09:27:17 7 September or beginning of October. Depending on
09:27:24 8 calendar dates.

09:27:26 9 Q. Okay. But Apple doesn't -- the financial --
09:27:30 10 the fiscal year is different than -- you don't operate
09:27:32 11 on a calendar year? The calendar year isn't -- your
09:27:37 12 fiscal year isn't based on the calendar year?

09:27:40 13 A. Correct.

09:27:43 14 Q. Okay. So you mentioned that the bonus plan is
09:27:55 15 designed in conjunction with the compensation committee.
09:27:58 16 Does the compensation committee also play a role in the
09:28:03 17 design of the bonus program?

09:28:08 18 MR. RILEY: Objection to the form.

09:28:13 19 THE WITNESS: I mentioned that the equity
09:28:15 20 program is designed in conjunction with the compensation
09:28:18 21 committee.

09:28:26 22 MS. LEEBOVE: Q. Oh, I'm sorry. You're
09:28:27 23 right.

09:28:28 24 But the -- so the equity program is designed in
09:28:31 25 conjunction with the compensation committee, but the

09:28:33 1 bonus program -- I'm just wondering whether the
09:28:37 2 compensation committee -- or what level of oversight the
09:28:40 3 compensation committee has over the design of the bonus
09:28:42 4 program, if any.

09:28:46 5 A. The compensation committee has complete
09:28:50 6 overview in the design of the executive bonus program,
09:28:54 7 the "executive," meaning Section 16 officers.

09:29:05 8 Q. Does the compensation committee play any role
09:29:07 9 in the design of the bonus program with respect to
09:29:10 10 employees who are not Section 16?

09:29:13 11 A. The compensation committee approves total
09:29:16 12 overall budget and the plan design for vice presidents'
09:29:24 13 annual bonus plan and the VP and director quarterly
09:29:27 14 bonus plan.

09:29:40 15 Q. Does the compensation committee play or have
09:29:43 16 any oversight role in the base salary program design?

09:30:06 17 A. No. The base salary program design is created
09:30:12 18 and maintained by my group.

09:30:26 19 Q. The compensation committee is involved, to a
09:30:30 20 certain degree, in the merit increase budget, though; is
09:30:33 21 that true?

09:30:34 22 A. Yes.

09:30:43 23 Q. Okay. And the merit increase budget applies to
09:30:53 24 Apple employees who are not Section 16 executives; is
09:30:55 25 that right? Or do -- or the Section 16 executive

09:31:01 1 officers, do they participate in the merit -- do they
09:31:03 2 have a stake in the merit increase budget?

09:31:08 3 MR. RILEY: Objection to the form.

09:31:10 4 THE WITNESS: What do you mean by "stake"?

09:31:13 5 MS. LEEBOVE: Q. Would they -- do the
09:31:14 6 executive officers receive merit increases out of
09:31:19 7 the merit increase budget that the compensation
09:31:21 8 committee approves?

09:31:24 9 A. No. We review executive compensation
09:31:27 10 separately.

09:31:45 11 Q. Is the job -- and I may have just taken poor
09:31:48 12 notes or -- or not listened carefully enough.

09:31:52 13 Does your -- does your group design and
09:31:56 14 administer the job structure?

09:31:59 15 A. Yes.

09:32:00 16 Q. Okay. And the salary -- and the salary
09:32:02 17 structure?

09:32:03 18 A. And the base --

09:32:04 19 MR. RILEY: Objection to the form.

09:32:08 20 I'm sorry, you need to let me --

09:32:10 21 THE WITNESS: Sorry.

09:32:10 22 MR. RILEY: -- object and then you need to
09:32:12 23 state your answer so she gets it.

09:32:15 24 MS. LEEBOVE: Q. I often tell my witnesses
09:32:17 25 to take a breath so that my -- so that I can state

09:32:22 1 an objection if I need to.

09:32:26 2 But backing up, just for clarity, your group
09:32:30 3 and then -- your group designs both Apple's job
09:32:32 4 structure and its base salary structure?

09:32:35 5 MR. RILEY: Object to the form.

09:32:42 6 THE WITNESS: My group does design the base
09:32:49 7 salary structure and job structures.

09:32:57 8 MS. LEEBOVE: Q. Who do you report to?

09:33:00 9 A. The VP of human resources.

09:33:06 10 Q. Who is the VP of human resources?

09:33:10 11 A. Joel Podolny.

09:33:16 12 Q. Has Mr. Podolny been the vice president of
09:33:21 13 human resources since you -- well, has -- since you
09:33:25 14 became the senior compensation director?

09:33:29 15 A. No.

09:33:30 16 Q. Or senior director of compensation, I should
09:33:32 17 say.

09:33:33 18 A. No.

09:33:34 19 Q. When did Mr. Podolny become your -- is he your
09:33:38 20 boss? Do you consider Mr. Podolny your boss?

09:33:41 21 A. Yes.

09:33:42 22 Q. Okay. When did Mr. Podolny become your boss?

09:33:47 23 A. Approximately two and a half years ago.

09:33:54 24 Q. Who did you report to before you reported to
09:33:57 25 Mr. Podolny?

09:34:00 1 A. We had an interim HR leader named Mark Bentley.

09:34:16 2 Q. And did you report to somebody else before Mark

09:34:20 3 Bentley, before you reported to Mark Bentley?

09:34:24 4 A. Yes.

09:34:24 5 Q. Who was that?

09:34:26 6 A. Danielle Lambert.

09:34:37 7 Q. Did you report to Ms. Lambert when you became

09:34:41 8 the senior director of compensation in 2007?

09:34:43 9 A. Yes.

09:35:02 10 Q. Does the -- does Joel Podolny have to -- well,

09:35:16 11 do you need to have the Apple's job structure and base

09:35:22 12 salary range structure approved by anybody within Apple

09:35:27 13 before it takes effect?

09:35:30 14 A. No.

09:35:32 15 Q. You have -- just your group has -- you and your

09:35:35 16 group have ultimate responsibility for those two items?

09:35:39 17 A. Yes.

09:35:40 18 Q. Okay. Part of your job is to attend and

09:36:03 19 prepare materials for Apple's compensation committee; is

09:36:05 20 that correct?

09:36:06 21 A. Yes.

09:36:06 22 Q. Do you also attend the meetings?

09:36:08 23 A. Yes.

09:36:12 24 Q. When did you -- when -- well, was it at the

09:36:18 25 point when you became the senior director of

09:54:28 1 MR. RILEY: Object to the form.

09:54:30 2 MS. LEEBOVE: Q. Was it part of your job
09:54:31 3 to prepare these minutes?

09:54:36 4 A. I prepared the minutes for a period in time
09:54:41 5 when we were in between corporate counsel at Apple. So
09:54:48 6 a very short period of time.

09:54:51 7 Q. Oh, I see. And does corporate -- but corporate
09:54:53 8 counsel typically prepares the minutes of the meetings
09:54:59 9 of the compensation committee?

09:55:00 10 A. They had, and they do today.

09:55:06 11 Q. Do you know when the minutes are prepared in
09:55:08 12 relation to when the compensation committee meeting
09:55:10 13 happens?

09:55:16 14 A. The minutes are prepared after the meeting and
09:55:21 15 prior to the next upcoming meeting.

09:55:25 16 Q. What is the lag time typically between a
09:55:28 17 meeting of the compensation committee and the
09:55:30 18 preparation of the minutes?

09:55:34 19 MR. RILEY: Object to form.

09:55:46 20 THE WITNESS: I don't think there is a standard
09:55:51 21 time.

09:55:55 22 MS. LEEBOVE: Q. Okay. Did you attend the
09:56:02 23 July 10th, 2007, meeting of the compensation
09:56:05 24 committee of the board of directors of Apple?

09:56:07 25 A. Yes.

09:56:25 1 Q. I'm looking at the center of the second page.
09:56:31 2 There's a header that says "FY08 Merit Increase Budget."
09:56:37 3 If the -- why did -- well, why was it Ms. Lambert's --
09:56:47 4 was it Ms. Lambert's job to prepare the merit increase
09:56:50 5 budget design at that time for the financial year 2008?

09:56:57 6 A. As VP of HR, she was overall responsible. But
09:57:03 7 in this meeting, she presented the recommendation for a
09:57:08 8 merit increase budget. It was my group that prepared --
09:57:12 9 or that did all of the research and prepared the
09:57:15 10 recommendations.

09:57:19 11 Q. Was it your group that made the recommendation
09:57:22 12 that [REDACTED]

09:57:27 13 [REDACTED]

09:57:31 14 A. Yes.

09:57:32 15 Q. What did you mean by "[REDACTED]"

09:57:36 16 [REDACTED]

09:57:44 17 A. [REDACTED]

09:57:49 18 [REDACTED]

09:57:56 19 [REDACTED]

09:58:01 20 Q. [REDACTED]

09:58:06 21 [REDACTED]

09:58:16 22 [REDACTED]

09:58:19 23 [REDACTED]

09:58:21 24 MR. RILEY: Object to the form.

09:58:33 25 THE WITNESS: [REDACTED]

09:58:35 1 [REDACTED]

09:58:41 2 [REDACTED] [REDACTED]

09:58:47 3 [REDACTED]

09:58:53 4 [REDACTED]

09:58:57 5 [REDACTED]

09:59:01 6 [REDACTED].

09:59:10 7 MS. LEEBOVE: Q. [REDACTED]

09:59:12 8 [REDACTED]

09:59:15 9 [REDACTED]

09:59:20 10 [REDACTED]

09:59:22 11 [REDACTED] [REDACTED]

09:59:31 12 [REDACTED]

09:59:35 13 [REDACTED] -

09:59:38 14 [REDACTED]

09:59:41 15 [REDACTED]

09:59:46 16 MR. RILEY: Object to the form.

09:59:52 17 THE WITNESS: [REDACTED]

09:59:55 18 [REDACTED]

10:00:04 19 [REDACTED]

10:00:08 20 [REDACTED]

10:00:15 21 [REDACTED].

10:00:24 22 MS. LEEBOVE: Q. [REDACTED]

10:00:26 23 [REDACTED]

10:00:30 24 [REDACTED]

10:00:34 25 MR. RILEY: Object to the form.

10:00:36 1 MS. LEEBOVE: Q. [REDACTED]

10:00:37 2 [REDACTED]

10:00:48 3 MR. RILEY: Object to the form.

10:00:48 4 THE WITNESS: I'm sorry, can you repeat.

10:00:51 5 MS. LEEBOVE: Q. I'm wondering whether

10:00:53 6 [REDACTED]

10:00:55 7 [REDACTED]

10:00:58 8 [REDACTED]

10:01:03 9 [REDACTED]

10:01:07 10 [REDACTED]

10:01:12 11 A. [REDACTED]

10:01:16 12 [REDACTED]

10:01:23 13 [REDACTED]

10:01:39 14 Q. What -- who are "all employees below NEO"? Who

10:01:52 15 does that refer to as that phrase is used?

10:01:54 16 A. Where --

10:01:55 17 Q. It says, "Ms. Lambert presented the base salary

10:01:56 18 market position for all employees below NEO."

10:02:01 19 I'm wondering who the "all employees below NEO"

10:02:04 20 refers to.

10:02:04 21 A. NEO is named executive officers, but it's

10:02:07 22 really all employees below all executive officers.

10:02:10 23 Q. So that would include such high-ranking

10:02:25 24 employees as vice presidents and directors?

10:02:29 25 A. Yes.

10:02:32 1 Q. Skipping down to the next header, it says
10:02:34 2 "Financial Year" or "FY08 Below-Director Performance
10:02:37 3 Bonus Program."

10:02:44 4 Do you recall what it -- I can just read the
10:02:47 5 sentence out loud. It says, [REDACTED]

10:02:50 6 [REDACTED]

10:02:56 7 [REDACTED]

10:02:59 8 [REDACTED]

10:03:03 9 [REDACTED]

10:03:07 10 Do you know what the [REDACTED]
10:03:10 11 issues were that Ms. Lambert discussed at the July 10th,
10:03:19 12 2007, compensation committee meeting?

10:03:32 13 A. Ms. Lambert is familiar, having been a
10:03:37 14 recruiter prior to being vice president of human
10:03:40 15 resources. [REDACTED]

10:03:45 16 [REDACTED] [REDACTED]

10:03:55 17 [REDACTED] [REDACTED]

10:04:01 18 [REDACTED]

10:04:09 19 [REDACTED]

10:04:14 20 [REDACTED]

10:04:17 21 [REDACTED]

10:04:39 22 Q. Do you mean, in essence, that you wanted to
10:04:42 23 raise salaries so people didn't leave because they felt
10:04:44 24 they were undercompensated?

10:04:48 25 MR. RILEY: Object to the form.

10:04:50 1 THE WITNESS: Yeah. This doesn't -- it doesn't
10:04:52 2 relate to salaries.

10:04:55 3 MS. LEEBOVE: Q. Then what's the issue
10:04:56 4 with -- then [REDACTED]

10:05:04 5 [REDACTED]

10:05:11 6 A. How does the base salary program --

10:05:15 7 Q. [REDACTED]

10:05:17 8 [REDACTED]

10:05:24 9 MR. RILEY: Object to the form.

10:05:27 10 THE WITNESS: I don't recall her discussion,
10:05:29 11 what she was referring to at this time with the

10:05:36 12 [REDACTED] [REDACTED] [REDACTED]

10:05:40 13 [REDACTED]

10:05:42 14 [REDACTED] [REDACTED]

10:05:48 15 [REDACTED]

10:05:52 16 [REDACTED]

10:05:58 17 [REDACTED]

10:06:08 18 [REDACTED].

10:06:18 19 MS. LEEBOVE: Q. The compensation
10:06:19 20 committee meetings are pretty quick, aren't they?

10:06:22 21 A. By "quick"?

10:06:24 22 Q. Do they last only a half hour apiece?

10:06:28 23 A. Each meeting -- it varies depending on the
10:06:33 24 agenda for that meeting.

10:06:46 25 MR. RILEY: We've been going for about an hour.

10:26:29 1 A. Depending on the -- the calendar and the amount
10:26:36 2 of materials we have to cover, it generally goes a half
10:26:39 3 hour to an hour.

10:26:40 4 Q. Okay. Is there -- well, I can represent to you
10:26:50 5 that the meeting agendas that I've seen have all at
10:26:55 6 least appeared to be planned for about a half an hour.
10:26:59 7 Or for half an hour broken down by these very concise,
10:27:03 8 you know, one minute, four minutes, three minutes time
10:27:07 9 periods.

10:27:08 10 Do you know whose -- is there a particular
10:27:10 11 reason why the meetings are generally or appear
10:27:15 12 generally to be so concise?

10:27:18 13 MR. RILEY: Object to the form.

10:27:22 14 THE WITNESS: By "concise"?

10:27:26 15 MS. LEEBOVE: Q. Approximately a half an
10:27:28 16 hour to an hour long with these very specific
10:27:37 17 minute -- increments of time by minutes per action
10:27:42 18 item or business item?

10:27:50 19 A. We assign times. That's a very arbitrary
10:27:53 20 guess. We discuss each item as long as it takes -- as
10:27:58 21 long as the committee would like to discuss that item.
10:28:04 22 And we -- based on the agenda, the content of the
10:28:13 23 agenda, we determine -- we allocate a total amount of
10:28:16 24 time for that meeting.

10:28:18 25 Q. So looking at the Wednesday, August 5th, 2009,

10:28:22 1 compensation committee meeting agenda, just pulling an
10:28:28 2 item out, line 2, "FY09 Compensation Update," it appears
10:28:34 3 that you and Mark Bentley were the presenters. It's an
10:28:37 4 information item, length, four minutes. Is someone
10:28:40 5 timing you so that when you hit four minutes, you're
10:28:42 6 just -- an alarm goes off and you're done or you can
10:28:46 7 take as much time as you actually need to present the
10:28:49 8 item?

10:28:50 9 A. Yeah. In each item, we present and take -- and
10:28:56 10 the committee discusses it as long as they need to.

10:29:00 11 Q. Okay. So the length assigned to it on the
10:29:04 12 meeting agenda isn't a limit, necessarily, at all?

10:29:07 13 A. No.

10:29:14 14 Q. And Exhibit 1854, do you recognize that
10:29:19 15 document?

10:29:20 16 A. Yes.

10:29:22 17 Q. What is Exhibit 1854?

10:29:25 18 A. It is the meeting materials related to the
10:29:29 19 agenda that we just reviewed.

10:29:33 20 Q. Did you prepare the materials for the August
10:29:36 21 5th, 2009, compensation committee meeting?

10:29:38 22 A. Yes.

10:29:46 23 Q. If you turn to page -- or the page that has the
10:29:54 24 Bates number that ends 100677, I think it's page 5, the
10:30:00 25 fifth page. What is represented here on this fifth page

10:30:09 1 of these materials that you prepared on 231APPLE100677?

10:30:20 2 A. The proposed FY -- fiscal year '10 annual grant
10:30:28 3 guidelines.

10:30:34 4 Q. [REDACTED]

10:30:38 5 [REDACTED] [REDACTED]

10:30:44 6 [REDACTED]

10:30:49 7 [REDACTED]

10:30:54 8 MR. RILEY: Object to the form.

10:31:03 9 THE WITNESS: Can you --

10:31:06 10 MS. LEEBOVE: Q. Do you need me to
10:31:07 11 clarify?

10:31:07 12 A. Yeah.

10:31:09 13 Q. [REDACTED]

10:31:13 14 [REDACTED]

10:31:20 15 [REDACTED] [REDACTED]

10:31:27 16 [REDACTED]

10:31:31 17 MR. RILEY: Object to the form.

10:31:37 18 MS. LEEBOVE: Q. Or maybe you can explain
10:31:38 19 to me what the first column of this chart
10:31:40 20 represents.

10:31:45 21 A. [REDACTED]

10:31:49 22 [REDACTED]

10:31:53 23 Q. [REDACTED]

10:31:56 24 [REDACTED]

10:32:00 25 A. [REDACTED]

10:32:05 1 [REDACTED]

10:32:13 2 [REDACTED]

10:32:17 3 [REDACTED] [REDACTED]

10:32:24 4 [REDACTED] [REDACTED]

10:32:32 5 Q. [REDACTED]

10:32:38 6 [REDACTED]

10:32:42 7 [REDACTED]

10:32:47 8 MR. RILEY: Object to the form.

10:32:54 9 THE WITNESS: By "eligible"?

10:32:57 10 MS. LEEBOVE: Q. Well, what is -- [REDACTED]

10:33:00 11 [REDACTED]

10:33:05 12 [REDACTED]

10:33:13 13 A. [REDACTED] [REDACTED]

10:33:18 14 [REDACTED] [REDACTED] [REDACTED]

10:33:24 15 [REDACTED] [REDACTED]

10:33:37 16 [REDACTED]

10:33:47 17 [REDACTED]

10:33:52 18 [REDACTED] .

10:33:54 19 Q. [REDACTED]

10:34:00 20 [REDACTED]

10:34:04 21 A. [REDACTED]

10:34:10 22 [REDACTED] [REDACTED] [REDACTED]

10:34:18 23 [REDACTED] [REDACTED]

10:34:25 24 [REDACTED] [REDACTED]

10:34:34 25 [REDACTED] [REDACTED]

10:34:39 1 [REDACTED] [REDACTED]
10:34:48 2 [REDACTED] [REDACTED]
10:34:55 3 [REDACTED] [REDACTED]
10:34:59 4 [REDACTED] [REDACTED]
10:35:05 5 [REDACTED]
10:35:11 6 [REDACTED]
10:35:16 7 [REDACTED]
10:35:19 8 [REDACTED]
10:35:26 9 [REDACTED]
10:35:30 10 [REDACTED]
10:35:33 11 [REDACTED]
10:35:38 12 [REDACTED]
10:35:44 13 [REDACTED]

10:36:01 14 Q. And I think we'll -- well, I know we'll talk a
10:36:04 15 bit more about the job structure. But do these job
10:36:09 16 levels, as listed here in this first column on the left
10:36:12 17 on page 231APPLE10067, do these -- are these job levels
10:36:20 18 that appear in the Apple job structure?

10:36:28 19 MR. RILEY: Object to the form.

10:36:32 20 THE WITNESS: These are Apple job levels.

10:36:40 21 MS. LEEBOVE: Q. And do they -- do the job
10:36:43 22 levels relate in any way to the larger job
10:36:46 23 structure?

10:36:49 24 MR. RILEY: Object to the form.

10:36:55 25 THE WITNESS: Larger job structure. What are

10:36:56 1 you including in -- what do you mean by "larger job
10:36:59 2 structure"?

10:37:00 3 MS. LEEBOVE: Q. You've mentioned that
10:37:02 4 Apple has a job structure; is that right?

10:37:08 5 A. Apple, we have defined jobs and then levels
10:37:16 6 within each job.

10:37:18 7 Q. Okay. Are there any other -- is -- you
10:37:23 8 mentioned [REDACTED] [REDACTED]
10:37:27 9 [REDACTED]?

10:37:30 10 A. Right.

10:37:30 11 Q. [REDACTED].

10:37:34 12 [REDACTED]

10:37:39 13 [REDACTED]

10:37:42 14 A. Yes.

10:37:43 15 Q. Okay. Were the -- and [REDACTED]

10:38:01 16 [REDACTED]

10:38:08 17 [REDACTED]

10:38:15 18 [REDACTED]

10:38:17 19 MR. RILEY: Object to the form.

10:38:19 20 THE WITNESS: The two -- they're two separate
10:38:24 21 and distinct job levels.

10:38:28 22 MS. LEEBOVE: Q. Okay. Is there such a
10:38:29 23 thing as an [REDACTED]?

10:38:37 24 MR. RILEY: Object to the form.

10:38:42 25 THE WITNESS: Yeah. Each job level is separate

10:46:16 1 were increased at once?

10:46:17 2 A. No.

10:47:14 3 (Whereupon, Exhibit 1855 was marked for
10:47:14 4 identification.)

10:47:17 5 MS. LEEBOVE: Q. Mr. Burmeister, you have
10:47:18 6 in front of you Exhibit 1855, which I'm guessing
10:47:25 7 you're familiar with, but please take a -- as long
10:47:28 8 as you need to review it.

10:49:44 9 A. Okay.

10:49:48 10 Q. Do you recognize this document, Exhibit 1855?

10:49:51 11 A. Yes.

10:49:52 12 Q. What is it?

10:49:54 13 A. A copy of my declaration and along with the
10:50:01 14 exhibits or attachments.

10:50:04 15 Q. And I think you mentioned that you've reviewed
10:50:06 16 your declaration also in preparation for your deposition
10:50:08 17 today?

10:50:08 18 A. Yes.

10:50:11 19 Q. In your review of your declaration in prep --
10:50:14 20 in preparation for your deposition, did you -- have
10:50:20 21 you -- did you notice anything in your declaration that
10:50:23 22 you would change for -- well, have you noticed anything
10:50:30 23 in your declaration that you would change to make it
10:50:32 24 more accurate or truthful?

10:50:34 25 A. No.

10:50:51 1 Q. In paragraph 3 of your declaration at line 15,
10:50:57 2 you refer to overall compensation budgets, plural. What
10:51:04 3 did you mean by compensation budgets in the plural?

10:51:30 4 A. Compensation budgets are three main
10:51:36 5 compensation components: base salary, bonus, and
10:51:39 6 stock. And we set the overall compensation budget for
10:51:48 7 these three compensation elements and then provide them
10:51:55 8 to the line of businesses, which then allocate them as
10:51:59 9 appropriate to each of their employees based on
10:52:02 10 performance and contribution.

10:52:14 11 Q. What are Apple's lines of business currently?

10:52:23 12 A. There are a number of lines of businesses. Let
10:52:30 13 me see.

10:52:31 14 Q. Well, if we could start with your group, what
10:52:33 15 line of business -- line of business do you fall under?

10:52:36 16 A. HR.

10:52:42 17 Q. Okay. Have the number of lines of businesses
10:52:45 18 within Apple changed over time?

10:52:49 19 A. They have evolved as the business has evolved
10:52:52 20 over the 12 years I've been here.

10:52:55 21 Q. Since 2005, have any lines of business been
10:52:59 22 created or eliminated?

10:53:03 23 A. Yes.

10:53:05 24 Q. Okay. Which lines -- or what lines of business
10:53:08 25 have been created since 2005?

10:53:14 1 A. Off the top of my head, we have a human
10:53:22 2 interface group, an iOS group, Internet software and
10:53:33 3 services group. I believe these are the three main ones
10:53:52 4 that we've created.

10:53:53 5 Q. Do you know how many lines of business Apple
10:53:56 6 presently encompasses?

10:54:02 7 A. I would say [REDACTED]. But I
10:54:08 8 would have to -- I'd have to look at some of my
10:54:11 9 information -- my documents to see.

10:54:14 10 Q. Okay. In paragraph 4 of your declaration, at
10:54:24 11 lines 24 to 25, you state that, [REDACTED]

10:54:28 12 [REDACTED]

10:54:30 13 [REDACTED]

10:54:31 14 What do you mean by that?

10:54:45 15 A. That we provide compensation budgets for merit,
10:54:51 16 bonus, and stock, and then Apple leadership has adjusted
10:54:57 17 compensation as appropriate for their employees based on
10:55:04 18 merit performance, potential. [REDACTED]

10:55:09 19 [REDACTED]

10:55:13 20 [REDACTED]

10:55:15 21 Q. Does this annual process result in a shifting
10:55:21 22 of salary ranges for each job within the company?

10:55:32 23 MR. RILEY: Object to the form.

10:55:33 24 THE WITNESS: By "shifting of salary ranges"?

10:55:35 25 MS. LEEBOVE: Q. Well, when you say that

10:55:36 1 Apple has adjusted compensation, do you -- on an
10:55:39 2 annual basis for approximately the last eight years,
10:55:45 3 is part of what you mean to say that Apple's salary
10:55:50 4 ranges have been adjusted on an annual basis for
10:55:55 5 approximately the last eight years?

10:56:00 6 A. No.

10:56:01 7 Q. Okay. What does that mean, then, that Apple
10:56:03 8 has adjusted compensation on an annual basis for
10:56:05 9 approximately the last eight years?

10:56:12 10 A. I meant that Apple has had an annual planning
10:56:15 11 cycle where we've provided merit budgets, bonus budgets,
10:56:20 12 and stock budgets for leaders to award their employees
10:56:25 13 as appropriate.

10:56:42 14 Q. You mentioned that Apple's main source of
10:56:44 15 external market data is Radford?

10:56:47 16 A. Yes.

10:56:51 17 Q. Do you know how many surveys in addition to
10:56:55 18 Radford Apple looks to for external market data?

10:57:04 19 A. Radford is the main survey source that we use.
10:57:12 20 We -- we base all of our -- that is our main data
10:57:17 21 source.

10:57:41 22 Q. I'm just flipping through your -- skipping
10:57:43 23 forward a bit in your declaration to paragraph 6. At
10:57:50 24 lines 23 to 24 you wrote, "Apple also uses the market
10:57:57 25 data described above to set salary ranges for job levels

10:58:00 1 and grades."

10:58:05 2 Is that still true today?

10:58:18 3 A. Yes. We -- and by "salary ranges," I mean the
10:58:22 4 reference points for salaries by job and level.

10:58:38 5 Q. Do your salary ranges or reference points --
10:58:46 6 does the salary range consist of a minimum base salary,
10:58:50 7 a midpoint, and a maximum?

10:58:52 8 A. Yes.

10:58:54 9 MR. RILEY: Object to the form.

10:59:01 10 MS. LEEBOVE: Q. In response to Apple's
10:59:04 11 analysis of market data on an annual basis, do the
10:59:15 12 salary range minimums increase on an annual basis?

10:59:23 13 MR. RILEY: Object to the form.

10:59:24 14 THE WITNESS: Can -- can you repeat the
10:59:48 15 question, please.

10:59:55 16 MS. LEEBOVE: Q. Let me see if I can ask
10:59:58 17 it differently.

11:00:03 18 Is it fair to say that Apple uses market data
11:00:05 19 to set minimum, midpoint, and maximum salaries for job
11:00:11 20 levels and grades?

11:00:13 21 MR. RILEY: Object to the form.

11:00:40 22 THE WITNESS: Apple -- it's -- by "Apple," your
11:00:43 23 statement Apple set salaries is very broad. Each
11:00:47 24 individual manager determines the compensation -- total
11:00:52 25 compensation based bonus, and stock award that an

11:00:59 1 individual has earned. But by -- your statement Apple
11:01:07 2 used survey data to set Apple salaries, no. It's a very
11:01:15 3 indirect relationship.

11:01:17 4 MS. LEEBOVE: Q. Well, does Apple use
11:01:20 5 market data to set salary ranges?

11:01:27 6 A. That's a -- it's a ref- -- we use survey data
11:01:31 7 as a reference. It's one of the inputs that I consider,
11:01:35 8 my group considers when we establish market competitive
11:01:43 9 ranges.

11:01:46 10 Q. Well, I'm just -- I'm actually reading a
11:01:48 11 statement that you wrote that says, "Apple also uses the
11:01:52 12 market data described above to set salary ranges for job
11:01:56 13 levels and grades."

11:01:57 14 So is that not true? Apple does not use market
11:02:05 15 data to set salary ranges for job levels and grades?

11:02:08 16 A. No, it is true. That is one of the sources of
11:02:13 17 information that my group uses to determine what salary
11:02:19 18 ranges, references are appropriate for Apple. But it is
11:02:24 19 not the sole -- it's not the sole source.

11:02:27 20 Q. Okay. That's fair. I understand.

11:02:49 21 In paragraph 7, the first sentence of it says,
11:02:53 22 "Once the budgets are set, Apple's managers determine
11:02:59 23 promotions and distribute salaries, bonuses, and stock
11:03:02 24 awards among the individual employees they supervise on
11:03:04 25 the basis of performance reviews and other factors, such

11:03:08 1 as an employee's skill set and importance to the overall
11:03:11 2 success of the group."

11:03:21 3 Are individual employees' salaries, base
11:03:26 4 salaries, determined by reference to the salary range
11:03:31 5 associated with their positions?

11:03:36 6 MR. RILEY: Object to the form.

11:03:47 7 THE WITNESS: Are you asking -- I'm not sure,
11:03:51 8 yeah, what you're asking in that question.

11:03:56 9 MS. LEEBOVE: Q. Do Apple's managers
11:03:58 10 distribute salaries with reference to the salary
11:04:04 11 ranges for their employees' positions?

11:04:07 12 MR. RILEY: Object to the form.

11:04:11 13 THE WITNESS: Salaries are awarded based on the
11:04:15 14 individual's performance and the other factors as I have
11:04:18 15 listed. Our salary ranges are reference points.
11:04:22 16 They're -- they're not hard minimums or hard maximums.
11:04:30 17 Those are purely a reference point. But salaries are
11:04:34 18 truly determined based on an individual one-by-one
11:04:41 19 assessment of the individual.

11:04:46 20 MS. LEEBOVE: Q. Do you know how many
11:04:47 21 employees make less than the minimum salary range
11:04:54 22 of -- the minimum of the salary range set for their
11:04:56 23 position?

11:04:57 24 MR. RILEY: Object to the form.

11:05:02 25 THE WITNESS: I don't know the number, but

11:05:06 1 there are employees --

11:05:07 2 MS. LEEBOVE: Q. Do --

11:05:07 3 A. -- who do make less than --

11:05:09 4 Q. Oh, I'm sorry. I interrupted you.

11:05:12 5 A. No. I was saying I don't know the exact

11:05:14 6 number, but there are employees whose salary fall below

11:05:22 7 the minimum reference point.

11:05:24 8 Q. Do you know about what percentage of Apple

11:05:27 9 employees' salaries fall below the minimum reference

11:05:34 10 point --

11:05:35 11 MR. RILEY: Object to the form.

11:05:36 12 MS. LEEBOVE: Q. -- of the -- of the

11:05:36 13 salary range for their position?

11:05:39 14 A. I -- I couldn't -- I couldn't guess --

11:05:43 15 Q. Do you think --

11:05:40 16 A. -- offhand.

11:05:44 17 Q. Do you think it's less than half?

11:05:47 18 A. I would say it's less than half.

11:05:54 19 Q. Do you think it's less than 10 percent?

11:05:59 20 MR. RILEY: Object to the form.

11:06:01 21 THE WITNESS: That's getting too specific. I

11:06:03 22 couldn't say yes or no without looking at the data.

11:06:05 23 MS. LEEBOVE: Q. Okay. So without looking

11:06:06 24 at the data, you think it's possible that more than

11:06:08 25 10 percent of Apple's employees make less than the

11:08:03 1

[REDACTED]

11:08:15 2

A. [REDACTED]

11:08:18 3

[REDACTED]

11:08:21 4

[REDACTED] [REDACTED]

11:08:28 5

[REDACTED] [REDACTED]

11:08:34 6

[REDACTED]

11:08:37 7

[REDACTED]

11:08:42 8

[REDACTED] [REDACTED]

11:08:48 9

[REDACTED] t

11:08:51 10

[REDACTED]

11:08:54 11

[REDACTED]

11:09:06 12

Q. Has it ever been your experience that a manager

11:09:08 13

has given their -- their entire salary increase budget

11:09:18 14

for a particular year over to just one employee?

11:09:22 15

A. No.

11:09:41 16

Q. Do managers ever, in your experience, leave

11:09:43 17

money on the table? In other words, have merit increase

11:09:49 18

funds allotted to them that they don't distribute to

11:09:52 19

their employees?

11:09:54 20

A. Yes.

11:09:55 21

Q. Does that happen frequently?

11:10:01 22

A. It depends on the group and the leadership. It

11:10:06 23

just depends by area.

11:10:19 24

Q. Does paragraph 10 of your declaration, I'm

11:10:23 25

assuming that refers to the process you were talking

11:10:25 1 about in 2005 where Apple changed its job structure? Or
11:10:37 2 I guess I should say, is this the -- in paragraph 10,
11:10:40 3 are you referring to what we discussed earlier where
11:10:44 4 Apple created a job structure that replaced the -- its
11:10:53 5 old system?

11:10:58 6 A. Yeah. In 2010 is when we cleaned up our whole
11:11:09 7 compensation or approach to compensation. The jobs, job
11:11:16 8 levels, ranges, we just updated them to reflect the
11:11:22 9 business as it was evolving in 2005. And -- and planned
11:11:28 10 to scale for future years.

11:11:30 11 Q. Did you -- did you mean to say 2010 just now?
11:11:34 12 You said in 2010 Apple cleaned up its whole approach to
11:11:39 13 compensation. Did you mean 2005?

11:11:40 14 A. Yes.

11:11:41 15 Q. Okay.

11:11:41 16 A. Sorry.

11:12:57 17 (Whereupon, Exhibit 1856 was marked for
11:12:57 18 identification.)

11:13:01 19 MS. LEEBOVE: Q. Mr. Burmeister, you've
11:13:02 20 been handed Exhibit 1856. It is a nine-page
11:13:13 21 document starting with 231APPLE105342 running
11:13:17 22 through 231APPLE105350.

11:13:24 23 If you could have a look at it and let me know
11:13:26 24 when you've had a chance to do that.

11:14:08 25 Do you recognize the document that's been

11:14:09 1 marked Exhibit 1856?

11:14:11 2 A. Yes.

11:14:12 3 Q. Did you prepare this document or did you
11:14:18 4 participate in creating this document?

11:14:24 5 A. This document was prepared by my group.

11:14:36 6 Q. And what is this?

11:14:43 7 A. This is the document we used to communicate and
11:14:47 8 roll out the -- our new compensation -- globally
11:14:56 9 consistent compensation approach.

11:15:09 10 Q. When was this document created? It looks like
11:15:14 11 for fiscal year 2005?

11:15:16 12 Is that correct?

11:15:33 13 A. I believe it was to be effective at the
11:15:35 14 beginning of fiscal year 2005.

11:15:37 15 Q. Has this document been updated? Is there a
11:15:39 16 compensation framework for fiscal years 2006 through the
11:15:44 17 present?

11:15:50 18 A. No. This was the -- this was the effort to
11:15:56 19 reflect the current jobs at Apple and to ensure global
11:16:01 20 consistency, and we've maintained that through the
11:16:03 21 years, so there hasn't been another effort to totally
11:16:06 22 revise the approach as we did here.

11:16:10 23 Q. Okay. So has this framework that was
11:16:15 24 introduced for fiscal year 2005 been maintained, then,
11:16:19 25 to the present?

11:16:22 1 A. It has evolved as the business has evolved
11:16:25 2 since 2005, yes.

11:16:39 3 Q. If you could look at page 4 for me, please.
11:16:45 4 And by all means, take as much time as you need. But my
11:16:50 5 question is whether any of the salary administration
11:16:58 6 guidelines that are set forth here on page 4 have
11:17:01 7 evolved since 2005.

11:17:19 8 A. This document was intended to provide managers
11:17:22 9 with a framework of how to think about compensation
11:17:28 10 decisions. And it was by no means rules or a directive
11:17:35 11 toward them. It was just simply to give them a
11:17:37 12 framework to make the best business decision -- decision
11:17:41 13 possible. And the same kind of recommendations apply
11:17:47 14 today, and this has not been updated.

11:17:58 15 Q. One of the recommendations under "Determining
11:18:01 16 Starting Salaries" -- well, it says, "Starting salaries
11:18:05 17 for new employees are determined by referring to," and
11:18:08 18 the first bullet point says, "Salaries/grades of present
11:18:12 19 employees in related positions."

11:18:16 20 Why would you want to look to salaries and
11:18:19 21 grades of present employees in related positions to
11:18:21 22 determine the starting salary for a new employee?

11:18:25 23 MR. RILEY: Object to the form.

11:18:48 24 THE WITNESS: I think that is one factor a
11:18:53 25 manager should look at when evaluating a candidate to

11:18:58 1 see -- and, again, just one of the factors, to see where
11:19:03 2 he or she would fit within their organization, or even
11:19:09 3 if they could fit within their organization.

11:19:26 4 MS. LEEBOVE: Q. Are starting salaries
11:19:27 5 determined with reference to the salaries and grades
11:19:29 6 of present employees in related positions?

11:19:33 7 MR. RILEY: Object to the form.

11:19:46 8 THE WITNESS: Are you asking if salaries are
11:19:48 9 set based on that reference point alone?

11:19:55 10 MS. LEEBOVE: Q. No. I'm asking whether
11:19:56 11 salaries are set with reference in part to the
11:20:01 12 salaries and grades of present employees in related
11:20:05 13 positions.

11:20:07 14 MR. RILEY: Object to the form.

11:20:14 15 THE WITNESS: We suggest that managers be aware
11:20:16 16 of where this candidate may fall within his or her
11:20:22 17 structure. But, again, it's only one reference point
11:20:25 18 that he or she may use to determine the starting salary.

11:20:34 19 MS. LEEBOVE: Q. And the other reference
11:20:35 20 points are set forth in the other three bullet
11:20:38 21 points here? Would the other three reference points
11:20:41 22 be the salary range for the position being filled,
11:20:44 23 the individual's related education and job
11:20:46 24 experience, and the individual's salary history?

11:20:50 25 A. To name -- to name just a few, yeah. A manager

11:20:55 1 could have additional criteria based on the role he or
11:20:59 2 she is trying to fill.

11:21:02 3 Q. Such as? What are some examples of additional
11:21:07 4 criteria that might help to -- a manager to determine an
11:21:10 5 employee's starting salary besides the four reference
11:21:13 6 points that are listed here?

11:21:15 7 A. You're looking at, is it a -- you know, it just
11:21:29 8 would depend by the manager. They would have their own
11:21:33 9 criteria that they would be looking at, what is
11:21:35 10 important to them.

11:21:43 11 Q. Have you ever heard of the term "internal
11:21:45 12 equity"?

11:21:49 13 A. I've -- in a compensation speak language, we
11:21:54 14 use the term "internal equity."

11:21:57 15 Q. What does it -- what does internal equity mean
11:21:59 16 to you in your compensation speak language?

11:22:05 17 A. Internal equity means, to me, that what you're
11:22:11 18 looking at, if you're looking at compensation, that it's
11:22:15 19 fair based on the individual's contribution relative to
11:22:21 20 the other employees in your group, or across your
11:22:26 21 organization, whatever your scope of management is.

11:22:35 22 Q. Is there an internal equity component to
11:22:40 23 determining starting salaries at Apple?

11:22:54 24 A. It -- internal equity plays into a few, if not
11:22:59 25 all, of these bullets for managers to consider when

11:23:04 1 looking at a candidate to determine a new starting
11:23:07 2 salary.

11:23:12 3 Q. Does internal equity factor into Apple's
11:23:25 4 compensation -- or does internal equity factor into a
11:23:29 5 salary adjustment made upon a promotion?

11:23:36 6 MR. RILEY: Object to the form.

11:23:42 7 THE WITNESS: Are you asking if a manager
11:23:44 8 considers --

11:23:47 9 MS. LEEBOVE: Q. Well, I guess I'm asking
11:23:49 10 whether internal equity is a factor at Apple in
11:23:56 11 determining promotional increases.

11:23:59 12 MR. RILEY: Object to the form.

11:24:09 13 THE WITNESS: At Apple, each manager has the
11:24:11 14 latitude to determine what is appropriate to pay an
11:24:15 15 individual -- or to -- for promotional increase.
11:24:22 16 Internal equity may or may not factor into their
11:24:27 17 ultimate decision.

11:24:39 18 MS. LEEBOVE: Q. What does it mean here --
11:24:41 19 and I'm looking at page 4, starting with [REDACTED]

11:24:46 20 [REDACTED]

11:24:50 21 [REDACTED]

11:24:53 22 [REDACTED]

11:24:57 23 [REDACTED]

11:24:59 24 [REDACTED]

11:25:01 25 What does that mean?

11:25:17 1 A. Within these salary administration guidelines,
11:25:20 2 it was -- there was suggestions for how managers could
11:25:23 3 think about, in this case, promotions. And one of the
11:25:29 4 considerations could be to look at the salaries of
11:25:35 5 individuals in jobs of -- in either the same job, jobs
11:25:47 6 of equivalent value, within the same geographic
11:25:51 7 location. So it's one factor that managers -- we
11:25:54 8 recommend they consider.

11:26:01 9 Q. Why?

11:26:05 10 A. Why what?

11:26:07 11 Q. Why do you recommend that managers consider the
11:26:09 12 salaries of incumbents in positions of equivalent value
11:26:13 13 and within the same geographical location when
11:26:17 14 determining a promotional increase for an employee?

11:26:21 15 A. In my view, it's appropriate to be aware of
11:26:29 16 what others in a similar job and level and geographic
11:26:33 17 area are making so that you can assess what this person
11:26:38 18 is bringing into the table to make sure that if you --
11:26:43 19 that it's appropriate salary based on the individuals in
11:26:47 20 the group. So it's fair and equitable.

11:26:55 21 Q. Is it important to Apple that members of a
11:27:01 22 particular group believe their salaries are fair and
11:27:06 23 equitable as compared to each other?

11:27:11 24 MR. RILEY: Object to the form.

11:27:12 25 THE WITNESS: That's pretty broad. I'm not

11:27:14 1 sure what you're asking.

11:27:21 2 MS. LEEBOVE: Q. If incumbent employees
11:27:23 3 are in positions of equivalent value in the same
11:27:26 4 geographical location, all things being otherwise
11:27:33 5 equal, if they were making wildly different
11:27:36 6 salaries, do you think that would be problematic at
11:27:43 7 all?

11:27:45 8 MR. RILEY: Object to the form.

11:27:57 9 THE WITNESS: What do you consider "wildly
11:27:58 10 different"?

11:28:01 11 MS. LEEBOVE: Q. If we have two, let's
11:28:05 12 say, software engineers and they both finished
11:28:09 13 college at the same time, they're both working in --
11:28:12 14 on the peninsula, and their manager regards them as
11:28:20 15 having equivalent value to his or her group, why
11:28:24 16 would Apple not recommend that their compensation
11:28:33 17 differ by a significant amount of money?

11:28:38 18 MR. RILEY: Object to the form.

11:28:43 19 THE WITNESS: Okay. I tracked up until the why
11:28:45 20 wouldn't Apple recommend.

11:28:48 21 MS. LEEBOVE: Q. Why doesn't Apple -- does
11:28:49 22 Apple recommend that incumbents in positions of
11:28:51 23 equivalent value within the same geographical
11:28:54 24 location are compensated similarly?

11:28:58 25 MR. RILEY: Object to the form.

11:42:28 1 between or among locations with different geographic
11:42:31 2 breakouts, does Apple management strive to promote
11:42:36 3 consistent treatment of these employees and to reduce
11:42:40 4 potential negative financial impact that may come from
11:42:42 5 accepting a position in a lower salary structure?
11:42:47 6 A. Consistent -- by "consistent treatment," I mean
11:42:52 7 looking at -- looking at the various factors related to
11:42:57 8 that individual's transfer, not consistent in pay levels
11:43:03 9 or bonuses. So by "consistent treatment," it's a
11:43:10 10 consistent -- you should -- you should consider these
11:43:14 11 factors. So it's a consistent review of potential
11:43:20 12 factors in that person's transfer.

11:43:26 13 I just rambled. Sorry.

11:43:29 14 Q. I do it too.

11:43:34 15 MR. RILEY: We've been going over an hour.
11:43:35 16 Would this be a good time for a break?

11:43:39 17 MS. LEEBOVE: Sure.

11:43:41 18 MR. RILEY: Thanks.

11:43:41 19 THE VIDEOGRAPHER: This is the end of video
11:43:42 20 No. 2. The time is 11:43 a.m. We're going off the
11:43:46 21 record.

11:43:48 22 (Recess taken.)

11:59:36 23 THE VIDEOGRAPHER: This is the beginning of
11:59:38 24 video No. 3 in the deposition of Steven Burmeister. The
11:59:42 25 time is 11:59 a.m. We're back on the record.

11:59:50 1 MS. LEEBOVE: Q. Mr. Burmeister, I'm still
11:59:52 2 looking at Exhibit 1856. You've still got that open
11:59:55 3 in front of you; yes?

11:59:56 4 A. Yes.

11:59:56 5 Q. Can you tell me what -- I can read the top of
11:59:59 6 the page it says "Base Pay Salary Structures" on page 7.
12:00:09 7 But can you explain to me what this means to you as the
12:00:20 8 senior compensation director at Apple.

12:00:23 9 A. These are the reference points for a salary
12:00:26 10 range, for various salary ranges.

12:00:31 11 Q. [REDACTED]
12:00:34 12 [REDACTED]
12:00:38 13 [REDACTED]
12:00:43 14 [REDACTED]
12:00:49 15 [REDACTED]?

12:00:51 16 A. [REDACTED]
12:00:56 17 [REDACTED]
12:00:59 18 [REDACTED]

12:01:06 19 Q. Okay. [REDACTED]
12:01:13 20 [REDACTED]? And how do you -- I guess -- and this is
12:01:24 21 just for my own benefit, I'm just trying to determine
12:01:28 22 the relevance of this and -- and what it means. Just
12:01:32 23 very -- first just very generally. So if it -- if an
12:01:36 24 [REDACTED]
12:01:41 25 [REDACTED]

12:01:45 1 A. I wouldn't look at it as that, and we don't --
12:01:48 2 we don't use it like that. [REDACTED]

12:01:55 3 [REDACTED]

12:01:59 4 [REDACTED]

12:02:04 5 [REDACTED]

12:02:11 6 [REDACTED]

12:02:14 7 [REDACTED]

12:02:24 8 Q. [REDACTED]

12:02:31 9 [REDACTED]

12:02:35 10 A. The -- no. [REDACTED]

12:02:42 11 [REDACTED]

12:02:46 12 [REDACTED] [REDACTED]

12:02:52 13 [REDACTED]

12:02:55 14 [REDACTED].

12:03:06 15 Q. Are these job grades still in effect at Apple
12:03:12 16 this year?

12:03:15 17 MR. RILEY: Object to the form.

12:03:18 18 THE WITNESS: Which part of the job grades are
12:03:21 19 you referring to?

12:03:23 20 MS. LEEBOVE: Q. Well, just the -- the job
12:03:24 21 number. So do grades -- for instance, [REDACTED]

12:03:27 22 [REDACTED]

12:03:34 23 [REDACTED]

12:03:37 24 [REDACTED]

12:03:47 25 [REDACTED]

12:03:53 1 A. [REDACTED]

12:03:56 2 [REDACTED] [REDACTED]

12:04:01 3 [REDACTED].

12:04:09 4 Q. [REDACTED]

12:04:15 5 [REDACTED]

12:04:17 6 [REDACTED] s

12:04:20 7 [REDACTED] -

12:04:24 8 [REDACTED]

12:04:30 9 [REDACTED]

12:04:36 10 A. [REDACTED]

12:04:39 11 [REDACTED]

12:04:45 12 Q. Have additional grades been added since 2005?

12:04:57 13 A. We added a new structure to better reflect our

12:05:02 14 in-store retail organization. But these structures for

12:05:11 15 the non-in-store retail remain in place.

12:05:14 16 Q. Okay. How many job families does Apple

12:05:33 17 currently encompass?

12:05:45 18 A. I would have to go back and look to get the

12:05:48 19 exact number. I define "job family" as a job. So

12:05:58 20 within, for example, [REDACTED]

12:06:02 21 [REDACTED] [REDACTED]

12:06:09 22 [REDACTED] [REDACTED]

12:06:14 23 [REDACTED] So the exact number, I would have to

12:06:17 24 go back and look to see how many we have.

12:06:21 25 Q. Do job families exist within -- do members of

12:06:26 1 the same job family exist within different lines of
12:06:29 2 business in Apple? For instance, might there be a
12:06:36 3 financial analyst in the iPod group as well as a
12:06:38 4 financial analyst in HR?

12:06:40 5 A. Yes.

12:06:42 6 Q. And are the financial analysts -- how is
12:06:52 7 their -- is their -- are all of the financial analysts'
12:06:56 8 compensation determined with reference to the same
12:06:58 9 salary ranges?

12:07:03 10 MR. RILEY: Object to the form.

12:07:08 11 THE WITNESS: Are there -- are you asking if
12:07:12 12 each individual salary --

12:07:16 13 MS. LEEBOVE: Q. No.

12:07:17 14 A. -- is determined?

12:07:19 15 Q. I'm asking whether the financial analyst
12:07:21 16 position -- whether the financial analyst positions, I
12:07:29 17 should say, whether the same set of salary range
12:07:37 18 guidelines would apply to a financial analyst regardless
12:07:40 19 of which line of business he or she works in within
12:07:43 20 Apple.

12:07:44 21 MR. RILEY: Object to the form.

12:08:07 22 THE WITNESS: Let me answer this -- I'll give
12:08:08 23 you an example. [REDACTED]

12:08:14 24 [REDACTED]

12:08:20 25 [REDACTED]

12:25:01 1 more divisions between or among managers level --

12:25:06 2 Manager Levels 1, 2, and 3?

12:25:10 3 A. Each management levels are just that. They
12:25:14 4 wouldn't have an IC. You're either an individual
12:25:17 5 contributor or a manager, but you wouldn't be both.

12:25:21 6 Q. Okay. And then how about the executives? How
12:25:36 7 many levels of executives are there?

12:25:41 8 A. By "executive" -- I'll define "executive" as
12:25:46 9 director and above. And we have two levels of director:
12:25:53 10 director and senior director. We have vice president
12:26:02 11 and senior vice president.

12:26:11 12 Q. Are those four different levels within the
12:26:13 13 executives -- director, senior director, VP, and senior
12:26:16 14 VP?

12:26:22 15 A. They're four different job levels.

12:26:26 16 Q. Might a director, senior director, VP, or
12:26:31 17 senior VP also be an IC?

12:26:33 18 A. No.

12:26:38 19 Q. Okay. Where would I go to find, to the extent
12:27:18 20 they have not been produced, because I'm not certain
12:27:21 21 that there are -- you mentioned that the base pay
12:27:26 22 salary -- there -- for some years, the base pay salary
12:27:28 23 structure has -- well, the base pay salary structure has
12:27:31 24 from time -- has changed from year to year, but not
12:27:34 25 necessarily; is that right?

12:27:38 1 MR. RILEY: Object to the form.

12:27:41 2 MS. LEEBOVE: Q. Is there a separate base
12:27:42 3 pay salary structure compensation framework for each
12:27:45 4 fiscal year?

12:27:47 5 A. No.

12:27:51 6 Q. Okay. If I wanted to see all of the base pay
12:27:55 7 salary structure compensation frameworks that have been
12:27:59 8 in operation at Apple between fiscal year 2005 and the
12:28:02 9 present, where would those be?

12:28:07 10 A. The term "compensation framework" specifically,
12:28:12 11 we use it in relation to this project. We have -- there
12:28:18 12 are jobs and salary ranges for each year, and we have
12:28:27 13 those in our HRIS system. But they wouldn't be called
12:28:30 14 "compensation framework."

12:28:36 15 Q. Okay. Let me just ask you what -- to the
12:28:49 16 extent it could conceivably help at all. Exhibit 1857.

12:28:59 17 (Whereupon, Exhibit 1857 was marked for
12:28:59 18 identification.)

12:29:23 19 MS. LEEBOVE: Q. Mr. Burmeister, you've
12:29:24 20 been handed Exhibit 1857. Take the time you need to
12:29:27 21 look at it.

12:29:33 22 I can tell you my first question is going to be
12:29:36 23 super basic, which is, what is this?

12:30:15 24 A. This appears to be a [REDACTED]

12:30:19 25 [REDACTED]

12:30:21 1 Q. Okay. And by "this," let me just clarify
12:30:23 2 you're talking about Exhibit 1857, which begins with
12:30:28 3 231APPLE098851 through 98- -- oh, they're all the same
12:30:35 4 Bates number. Okay. So it's a multipage document with
12:30:40 5 every page bearing the same number, 231APPLE098851.
12:30:45 6 And you said this looks to be a [REDACTED]
12:30:47 7 [REDACTED]
12:30:48 8 A. Yes.
12:30:51 9 Q. [REDACTED]
12:30:54 10 A. Yeah. [REDACTED].
12:30:57 11 Q. Does Apple use -- does Apple [REDACTED]
12:31:04 12 [REDACTED]?
12:31:09 13 A. [REDACTED]
12:31:13 14 [REDACTED]
12:31:17 15 a [REDACTED]
12:31:20 16 Q. Is that called benchmarking?
12:31:22 17 MR. RILEY: Object to the form.
12:31:29 18 THE WITNESS: Are -- is what called
12:31:30 19 benchmarking?
12:31:31 20 MS. LEEBOVE: Q. [REDACTED]
12:31:32 21 [REDACTED]
12:31:34 22 [REDACTED]
12:31:41 23 [REDACTED]
12:31:44 24 [REDACTED]
12:31:49 25 A. It's one element of benchmarking. Benchmarking

12:31:55 1 is a broad term that we use more generally.

12:32:01 2 Q. How do you use the term -- what does
12:32:04 3 benchmarking mean to you in your work as the senior
12:32:07 4 compensation director at Apple?

12:32:10 5 A. Benchmarking is, to me, a comparison of one --
12:32:20 6 an area -- you benchmark -- you can benchmark any piece
12:32:27 7 of the compensation program to any -- you benchmark, you
12:32:33 8 are comparing it to something. So the benchmark is just
12:32:36 9 a comparison.

12:32:40 10 Q. So this wasn't -- and I just had no idea what
12:32:44 11 this was. So these are [REDACTED], this isn't an
12:32:48 12 internal inventory, so to speak, of positions within
12:32:56 13 Apple?

12:32:57 14 A. It appears just to be [REDACTED]

12:32:59 15 Q. Okay. I want to flip back, if we could, to
12:33:28 16 Exhibit 1856, which is the -- there you go.

12:33:44 17 I think we had left off under the -- on page
12:33:47 18 231APPLE105345. It's page 4 of the document. We were
12:33:52 19 talking when we last spoke about this document about the
12:33:55 20 section about transfers to regions with different salary
12:33:58 21 structures.

12:33:59 22 One of the bullets here says, "In order to make
12:34:06 23 a salary decision under these circumstances, the manager
12:34:10 24 should consider each of the following factors." And one
12:34:15 25 of the factors is, [REDACTED]

12:48:49 1 MS. LEEBOVE: Q. Are you aware of
12:48:50 2 instances where employees who were performing
12:49:00 3 satisfactorily have been paid less than the minimum
12:49:05 4 for their salary range or salary ranges?

12:49:09 5 MR. RILEY: Object to the form.

12:49:16 6 THE WITNESS: Are you asking is it possible?

12:49:19 7 MS. LEEBOVE: Q. I'm asking -- well, I
12:49:22 8 think you've told me repeatedly that it's possible.
12:49:25 9 I'm wondering whether, in your experience, it has
12:49:28 10 happened.

12:49:30 11 MR. RILEY: Object to the form.

12:49:40 12 THE WITNESS: I'd have to go back at the data
12:49:44 13 to look to see the individual actual actions to
12:49:51 14 determine if there are or aren't.

12:49:59 15 MS. LEEBOVE: Q. You have no way of
12:49:59 16 knowing without looking back to the -- to employees'
12:50:03 17 compensation records whether, in -- in your
12:50:07 18 experience, there have been Apple employees who are
12:50:11 19 performing satisfactorily but who are being paid
12:50:16 20 below the minimum of their salary range?

12:50:20 21 MR. RILEY: Object to the form.

12:50:35 22 THE WITNESS: Performance evaluation is such
12:50:36 23 a -- it's one aspect of the evaluation. So it could
12:50:49 24 absolutely be a possibility, but without looking at the
12:50:52 25 data to see exactly where every employee is, I don't

12:50:56 1 know where we're at.

12:51:00 2 MS. LEEBOVE: Okay. Well, I actually would
12:51:05 3 like to take a break so I can do some assessment and
12:51:09 4 shuffling of my materials here. And I think it may be
12:51:13 5 close to -- it's almost 1:00 o'clock. Do you guys want
12:51:19 6 to break for lunch?

12:51:21 7 MR. RILEY: Sure.

12:51:22 8 MS. LEEBOVE: Assuming you want to eat. Okay.

12:51:26 9 THE VIDEOGRAPHER: Should we go off the record?

12:51:27 10 MS. LEEBOVE: Yeah. Let's do that.

12:51:28 11 THE VIDEOGRAPHER: This is the end of video

12:51:30 12 No. 3. The time is 12:51 p.m. We're off the record.

12:51:33 13 (Recess taken.)

01:44:51 14 THE VIDEOGRAPHER: This is the beginning of
01:44:52 15 video No. 4 in the deposition of Steven Burmeister. The
01:44:56 16 time is 1:44 p.m. We're back on the record.

01:45:03 17 MS. LEEBOVE: Q. Welcome back.

01:45:04 18 A. Thank you.

01:45:08 19 Q. Let me start with showing you yet another
01:45:15 20 exhibit.

01:45:35 21 (Whereupon, Exhibit 1858 was marked for
01:45:35 22 identification.)

01:45:39 23 MS. LEEBOVE: Q. So, Mr. Burmeister,
01:45:40 24 you've been handed Exhibit 1858. It's a document
01:45:47 25 that begins on the page Bates-stamped 231APPLE098912

01:45:53 1 and runs double-sided through -- oh, 098912.

01:46:05 2 MR. RILEY: I think these were produced in
01:46:07 3 electronic format --

01:46:07 4 MS. LEEBOVE: Yes.

01:46:08 5 MR. RILEY: -- so when you printed them out,
01:46:11 6 they came out....

01:46:42 7 MS. LEEBOVE: Q. And to the extent it
01:46:44 8 makes a difference for you in reviewing this, I
01:46:46 9 don't have any interest in any of the pages that
01:46:49 10 relates to any country other than the U.S. And I
01:46:55 11 see that's -- most of this document relates to
01:46:58 12 foreign markets.

01:48:04 13 Ready?

01:48:06 14 A. Uh-huh.

01:48:06 15 Q. Can you tell me what this document is,
01:48:08 16 Mr. Burmeister?

01:48:09 17 A. It looks to be a recap of competitive --
01:48:14 18 rather, compensation analysis that we conducted back in
01:48:21 19 2006.

01:48:24 20 Q. Have you conducted similar analyses for the
01:48:31 21 years between 2005 and -- and 2010? Obviously this is
01:48:35 22 2006. But have you produced similar compensation
01:48:40 23 analyses for 2005, '7, '8, '9, and '10?

01:48:45 24 A. Yes.

01:48:47 25 Q. Okay. Is this a report that you run with a

01:48:52 1 particular frequency?

01:48:56 2 A. We look at this on an overall basis once per
01:49:00 3 year.

01:49:06 4 Q. Okay. What is the reason for your looking at
01:49:10 5 this on an overall basis once a year?

01:49:15 6 A. It's a -- so we have an awareness of where we
01:49:21 7 pay on average against our reference point.

01:49:27 8 Q. And in this instance, [REDACTED]

01:49:30 9 [REDACTED]

01:49:39 10 A. [REDACTED]

01:49:45 11 [REDACTED]

01:49:50 12 [REDACTED].

01:49:58 13 Q. In your work as the senior compensation
01:50:01 14 director, [REDACTED]

01:50:05 15 [REDACTED]

01:50:11 16 [REDACTED]

01:50:20 17 MR. RILEY: Object to the form of the question.

01:50:24 18 THE WITNESS: Yeah, in my -- can you be more
01:50:29 19 specific about in my work as compensation --

01:50:34 20 MS. LEEBOVE: Q. Oh, sure.

01:50:35 21 Does Apple -- well, it didn't necessarily so
01:50:37 22 much have to do with you personally, but do you know
01:50:39 23 whether Apple, as a company in setting salaries in the
01:50:46 24 United States, whether Apple [REDACTED]

01:50:51 25 [REDACTED]

01:50:58 1 [REDACTED]

01:50:59 2 A. [REDACTED] [REDACTED]

01:51:02 3 [REDACTED]

01:51:05 4 [REDACTED]

01:51:10 5 [REDACTED]

01:51:13 6 Q. And to clarify, [REDACTED]

01:51:16 7 [REDACTED] [REDACTED]

01:51:19 8 [REDACTED],

01:51:26 9 [REDACTED]

01:51:29 10 [REDACTED]? If that

01:51:34 11 makes sense to you.

01:51:35 12 MR. RILEY: Object to the form.

01:51:44 13 THE WITNESS: [REDACTED]

01:51:46 14 [REDACTED]

01:51:51 15 [REDACTED]

01:51:52 16 [REDACTED]

01:52:00 17 [REDACTED].

01:52:09 18 MS. LEEBOVE: Q. Is one of Apple's goals

01:52:11 19 to keep compensation in line with the -- with

01:52:20 20 competitive market rates?

01:52:28 21 MR. RILEY: Object to the form.

01:52:39 22 THE WITNESS: In line with? Meaning?

01:52:45 23 MS. LEEBOVE: Q. Is it fair to say that

01:52:45 24 Apple pays wages that correspond to prevailing rates

01:52:54 25 in the outside market for similar jobs?

02:06:53 1 A. CEO, Facilities, Finance, HR, IS&T --

02:07:01 2 Q. What is IS&T? Sorry to interrupt you.

02:07:04 3 A. IS&T -- what's the acronym? Information

02:07:07 4 systems and technology.

02:07:13 5 -- Legal, Applecare, Filemaker, Hardware,

02:07:23 6 Operations, Sales, Software.

02:07:32 7 Q. Did iPod not exist in 2005?

02:07:35 8 A. iPod did in 2005.

02:07:36 9 Q. Okay. Is iPod -- would iPod be included on the

02:07:40 10 list of lines of business that have existed for each

02:07:43 11 fiscal year 2005 to the present -- or to 2010, rather?

02:07:48 12 A. No.

02:07:49 13 Q. When did -- has iPod fallen off the list of

02:07:52 14 lines of business?

02:07:54 15 A. The business has evolved and we no longer have

02:07:58 16 a stand-alone iPod division. It has been blended in

02:08:03 17 with the hardware group.

02:08:12 18 Q. And what happened to the Applications line of

02:08:14 19 business?

02:08:15 20 A. Applications has been further defined. We no

02:08:20 21 longer have just an overall Applications group. We have

02:08:23 22 a Internet Software and Services group, ISS. We have a

02:08:34 23 iTunes group. And I believe there is another one.

02:08:40 24 There is three that we split off to, and I'd have to

02:08:44 25 look to see the current three.

02:08:50 1 Q. So if we turn to page 2, what in -- I would
02:09:03 2 like for you to walk me through this page just as we did
02:09:06 3 the first page. Can you tell me what the "Job Level"
02:09:10 4 column describes and what these letters and numbers
02:09:19 5 stand for?

02:09:21 6 A. Sure. This page is representing the data in a
02:09:27 7 different view. The first page we looked at was by line
02:09:32 8 of business hierarchy. This second page is representing
02:09:38 9 the data by job level regardless of which line of
02:09:44 10 business it falls into.

02:09:48 11 Q. Is this an -- well, [REDACTED]

02:09:54 12 [REDACTED]

02:10:02 13 A. [REDACTED]

02:10:05 14 Q. Okay. And have these job --

02:10:07 15 A. Up --

02:10:08 16 Q. Oh, go ahead.

02:10:09 17 A. [REDACTED]

02:10:11 18 Q. Okay.

02:10:12 19 A. Sorry.

02:10:12 20 Q. So there are -- there were additional job
02:10:17 21 levels above director, which would be, I'm guessing, the
02:10:23 22 executive level? Or -- well, you tell me. I shouldn't
02:10:28 23 be guessing.

02:10:29 24 A. Yeah. Senior director, EVP, SVP, and CEO.

02:10:37 25 Q. Just out of curiosity it lists CEOs within each

02:10:40 1 line of business on the first page. Who would -- who
02:10:45 2 are those CEOs?

02:10:48 3 A. It's -- CEO is -- we call it a line of
02:10:52 4 business. It would be the support people in the office
02:10:57 5 of the CEO. So his admin, his technology support. It's
02:11:04 6 very few -- it's four people, but we segment them only
02:11:07 7 to his office.

02:11:09 8 Q. Okay. All right. But moving back, then, to
02:11:15 9 page 2, aside from senior directors, vice presidents,
02:11:22 10 senior vice presidents, and the CEO, are all of Apple's
02:11:27 11 job levels for 2006 reflected in the first column on
02:11:31 12 page 2 of the 2006 compensation analysis for the USA
02:11:35 13 region?

02:11:36 14 A. Yes.

02:11:40 15 Q. Have these job levels remained constant
02:11:42 16 between -- did these job levels remain constant between
02:11:47 17 2005 and 2010?

02:11:49 18 A. By "remain constant"?

02:11:52 19 Q. Did each of these job levels exist for the
02:11:56 20 fiscal years 2005 through 2010?

02:11:58 21 A. Yes.

02:12:02 22 Q. Were any additional job levels added --

02:12:08 23 A. Yes.

02:12:08 24 Q. -- after 2006?

02:12:11 25 Can you tell me what they are?

02:31:33 1

[REDACTED]

02:31:36 2

[REDACTED]

02:31:43 3

[REDACTED]

02:31:48 4

[REDACTED]

02:31:52 5

Q. Okay. And then where -- well, are there

02:32:28 6

particular -- is there a single salary range that's

02:32:39 7

associated with the director -- with the director level

02:32:44 8

position? I'm not asking with reference to this

02:32:49 9

document, because I don't see any salary ranges on here.

02:32:51 10

But is there a salary range then associated with the

02:32:54 11

director level position?

02:32:57 12

MR. RILEY: Object to the form.

02:33:05 13

THE WITNESS: Yeah. That's broad. And no,

02:33:10 14

it's -- that's too broad of a statement. Each specific

02:33:20 15

director level position is assigned to the appropriate

02:33:23 16

grade range, which could be different job between job.

02:33:39 17

MS. LEEBOVE: Q. Can you overlay Apple's

02:33:44 18

base salary range structure onto this -- onto its

02:33:49 19

job level structure? Is that possible?

02:33:55 20

MR. RILEY: Object to the form.

02:34:02 21

THE WITNESS: I -- I haven't tried to do that,

02:34:06 22

so I'm not sure how I would do it or what information

02:34:11 23

that would provide to me.

02:34:17 24

MS. LEEBOVE: Q. Is there a -- how did

02:34:27 25

these job levels -- or, well, first, I guess my

02:34:30 1 question is, do these job levels correspond in any
02:34:33 2 way to the -- to the jobs that are list -- that are
02:34:48 3 identified in Apple's base salary structure?

02:35:03 4 A. These are the job levels that we use in our --
02:35:06 5 our compensation programs at Apple.

02:36:04 6 Q. If you'd turn back to Exhibit 1856, please.
02:36:19 7 Can you tell me whether there is any relation between
02:36:23 8 these job levels that are listed on -- okay. So let me
02:36:27 9 start over.

02:36:28 10 If we look on Exhibit 1858 at page 2 and the
02:36:33 11 list of job levels that are set out here, do these
02:36:38 12 correspond in any way to the grades that make up the
02:36:43 13 base pay salary structures in Exhibit 1856?

02:36:58 14 A. Well, levels are further breakdowns -- it's a
02:37:05 15 definition of level within each job. [REDACTED]
02:37:09 16 [REDACTED].

02:37:20 17 Q. [REDACTED]

02:37:23 18 [REDACTED]

02:37:28 19 A. [REDACTED]

02:37:34 20 [REDACTED] [REDACTED]

02:37:39 21 [REDACTED]

02:37:54 22 [REDACTED]

02:37:58 23 [REDACTED]

02:38:03 24 [REDACTED]

02:38:11 25 Q. Is there a document that you could point me to

02:38:17 1 that sets forth where each -- your [REDACTED]

02:38:24 2 [REDACTED]

02:38:30 3 [REDACTED]

02:38:38 4 A. [REDACTED]

02:38:42 5 [REDACTED] --

02:38:47 6 [REDACTED] [REDACTED]

02:38:52 7 [REDACTED] [REDACTED]

02:39:05 8 [REDACTED]

02:39:12 9 [REDACTED]

02:39:14 10 Q. Is there a list or database or -- well, let me

02:39:25 11 start over.

02:39:26 12 Is there somewhere that I could look to see the

02:39:31 13 salary range assigned to each job and level within

02:39:36 14 Apple?

02:39:39 15 A. Yes.

02:39:40 16 Q. And what is that that I would look to for that

02:39:44 17 information?

02:39:46 18 A. It's -- it's something that I could pull

02:39:49 19 together.

02:40:02 20 Q. So it's data that you have, but not -- you'd

02:40:05 21 have to create a -- you'd have to create a document for

02:40:12 22 me that would list -- that would identify each job --

02:40:13 23 job and level assigned and the assigned salary range?

02:40:17 24 A. Correct.

02:40:22 25 Q. Okay. If we turn to -- gosh, I wish these

02:40:57 1 pages were numbered. I'm looking at the page that reads
02:41:12 2 at the top "Apple Computer Inc., 2006 Compensation Data
02:41:16 3 Analysis, U.S. Retail Corporate, Actual vs. Market
02:41:19 4 Data." If you could find that page in your
02:41:25 5 Exhibit 1858.

02:41:41 6 A. To confirm, the page that says "2006
02:41:44 7 Compensation Analysis U.S. Retail Stores," and on the
02:41:47 8 third line, "No Market Data"?

02:41:49 9 Q. No. Mine says -- there you are.

02:41:55 10 A. Okay.

02:42:01 11 Q. Can you tell me what the "Job Code" column
02:42:05 12 signifies?

02:42:16 13 A. It's a code associated with the job that's in
02:42:19 14 level -- I'm sorry, Column 2.

02:42:27 15 Q. Does each job within Apple have a job code?

02:42:30 16 A. Yes.

02:42:43 17 Q. [REDACTED]

02:42:46 18 [REDACTED]

02:42:48 19 A. [REDACTED]

02:43:03 20 Q. If we look at the very first line here, it
02:43:05 21 says, [REDACTED]

02:43:13 22 [REDACTED] [REDACTED] [REDACTED]

02:43:23 23 [REDACTED]

02:43:27 24 A. [REDACTED] [REDACTED]

02:43:30 25 [REDACTED]

03:49:32 1 what they had communicated at that time.

03:49:35 2 MS. LEEBOVE: Q. Okay. In the -- was it
03:49:49 3 your experience when you attended the Deloitte
03:49:51 4 quarterly high-tech roundtable meetings that
03:49:55 5 representatives of the companies that attended would
03:49:59 6 share nonpublic compensation information?

03:50:09 7 MR. RILEY: Object to the form.

03:50:18 8 THE WITNESS: What would you consider nonpublic
03:50:25 9 compensation information?

03:50:29 10 MS. LEEBOVE: Q. Well, do you typically,
03:50:31 11 as you're engaging in the compensation planning
03:50:33 12 cycle for Apple, do you typically keep your
03:50:37 13 counterparts at Adobe in the loop on Apple's
03:50:40 14 progress and its targets and the work that it's
03:50:44 15 doing?

03:50:45 16 A. No, absolutely -- no detail, no specifics.

03:50:50 17 Q. And would you give any other company any
03:50:54 18 detailed information about Apple's compensation planning
03:50:59 19 as it was happening?

03:51:02 20 MR. RILEY: Object to the form.

03:51:11 21 THE WITNESS: Apple is generally the first out
03:51:13 22 of the gate. We don't share information with anyone.
03:51:17 23 We're always first to the party. So we have no reason
03:51:23 24 to share information with anyone.

03:51:29 25 MS. LEEBOVE: Q. Okay. You can set these

03:51:31 1 aside.

03:51:46 2 I think you have there still somewhere in your
03:51:48 3 pile of documents Exhibit 1861. It's this one. It's
03:51:52 4 the Review. Recognize. And Reward for FY08.

03:52:03 5 And if you turn to page 30, I don't know if
03:52:05 6 you've had a chance to review every page, but take a
03:52:12 7 moment and have a look.

03:52:15 8 A. 30 -- which --

03:52:17 9 Q. They're actually numbered for a change. [REDACTED]

03:52:20 10 [REDACTED]

03:52:24 11 [REDACTED]

03:52:50 12 A. Okay.

03:52:51 13 Q. Okay. [REDACTED]

03:52:54 14 [REDACTED]."

03:52:57 15 [REDACTED]

03:53:02 16 [REDACTED]

03:53:05 17 [REDACTED]

03:53:06 18 Do you see where it says that?

03:53:07 19 A. Yes.

03:53:09 20 Q. Do you disagree with that statement?

03:53:18 21 A. No, as it relates to the context of the entire
03:53:22 22 compensation planning process.

03:53:30 23 Q. What do you mean?

03:53:31 24 A. [REDACTED],

03:53:39 25 [REDACTED]

03:53:45 1 [REDACTED]

03:53:48 2 [REDACTED]

03:53:54 3 [REDACTED]

03:53:59 4 [REDACTED]

03:54:09 5 Q. [REDACTED]

03:54:11 6 [REDACTED]?

03:54:21 7 A. Right. That was the sentence you asked me

03:54:23 8 to....

03:54:23 9 Q. [REDACTED]

03:54:24 10 [REDACTED]?

03:54:36 11 Does that happen in Apple?

03:54:39 12 A. [REDACTED] --

03:54:41 13 [REDACTED]

03:54:48 14 [REDACTED] [REDACTED]

03:54:53 15 [REDACTED]

03:54:57 16 [REDACTED]

03:55:03 17 [REDACTED]

03:55:09 18 [REDACTED]

03:55:22 19 Q. [REDACTED]

03:55:24 20 [REDACTED]

03:55:28 21 [REDACTED]

03:55:34 22 A. [REDACTED] [REDACTED]

03:55:41 23 [REDACTED]

03:55:45 24 [REDACTED]

03:55:51 25 [REDACTED]

03:55:56 1 [REDACTED]

03:55:58 2 [REDACTED].

03:56:05 3 Q. [REDACTED]

03:56:08 4 [REDACTED]?

03:56:09 5 A. [REDACTED].

03:56:18 6 Q. [REDACTED]

03:56:21 7 [REDACTED]

03:56:31 8 [REDACTED]

03:56:40 9 [REDACTED]

03:56:51 10 A. [REDACTED] [REDACTED]

03:56:55 11 [REDACTED]

03:57:00 12 [REDACTED]

03:57:05 13 [REDACTED]

03:57:09 14 [REDACTED] [REDACTED]

03:57:13 15 [REDACTED] [REDACTED]

03:57:18 16 [REDACTED]

03:57:20 17 [REDACTED] [REDACTED]

03:57:23 18 [REDACTED]

03:57:27 19 [REDACTED] [REDACTED]

03:57:34 20 [REDACTED]

03:57:35 21 Q. Okay. But it's not a visual that's supposed to

03:57:38 22 be designed to represent how somebody's salary -- the

03:57:41 23 proportions of somebody's -- of an individual's

03:57:44 24 salary -- or an individual's compensation, rather, total

03:57:47 25 compensation?

03:57:48 1 A. No.

03:57:49 2 Q. So I think you just mentioned that the base
03:58:03 3 salary is a reflection of an employee's achievement and
03:58:08 4 potential?

03:58:08 5 A. No. I was referring to a potential merit
03:58:11 6 increase.

03:58:11 7 Q. Okay. Is achievement within Apple typically
03:58:27 8 rewarded with -- within an employee's base salary?

03:58:36 9 A. Could be one of the factors that a manager
03:58:38 10 takes into consideration when considering whether or not
03:58:42 11 to give a merit increase.

03:58:55 12 Q. Is there a preference for use of a -- for
03:58:57 13 managers to use a bonus to reward achievement versus an
03:59:00 14 increase in base salary to reward achievement?

03:59:05 15 MR. RILEY: Objection to the form.

03:59:14 16 THE WITNESS: My preference or whose
03:59:16 17 preference?

03:59:19 18 MS. LEEBOVE: Q. Apple's preference.

03:59:21 19 A. I think that they're very separate and distinct
03:59:26 20 compensation elements that preference doesn't really
03:59:31 21 play into it. Because you would use -- you would use
03:59:35 22 each lever in a different way.

04:00:22 23 Q. I think you have in front of you Exhibit 1859.

04:00:25 24 I don't know that we actually discussed it.

04:00:43 25 Can you tell me what Exhibit 1859 is that bears

04:00:46 1 the Bates stamp 231APPLE105324?

04:00:55 2 A. I believe this was a one-page overview, a
04:01:00 3 communication that we used to provide division HR, the
04:01:05 4 HR managers that work with the various lines of
04:01:07 5 businesses to give them an awareness and education of
04:01:14 6 the base salary structure adjustment process, what it
04:01:20 7 included, timing, what have you.

04:01:23 8 Q. So what does this mean [REDACTED]

04:01:26 9 [REDACTED] [REDACTED]

04:01:29 10 [REDACTED]

04:01:33 11 A. [REDACTED]

04:01:40 12 [REDACTED] [REDACTED]

04:01:52 13 Q. [REDACTED]

04:01:59 14 [REDACTED]

04:02:03 15 [REDACTED]

04:02:08 16 [REDACTED]

04:02:13 17 A. [REDACTED] [REDACTED]

04:02:17 18 [REDACTED]

04:02:23 19 [REDACTED]

04:02:30 20 Q. [REDACTED]

04:02:33 21 [REDACTED]

04:02:39 22 [REDACTED]

04:02:43 23 A. [REDACTED]

04:02:44 24 Q. [REDACTED]

04:02:47 25 A. [REDACTED]

04:03:26 1 MS. LEEBOVE: I really don't want to have to
04:03:28 2 schlep this box back to my office, so I'm going to get
04:03:31 3 rid of as much of the paper as I possibly can here.

04:03:36 4 Are we at Exhibit 1865?

04:03:38 5 THE REPORTER: Yes.

04:03:39 6 (Whereupon, Exhibit 1865 was marked for
04:03:39 7 identification.)

04:06:51 8 MS. LEEBOVE: Q. Do you recognize
04:06:51 9 Exhibit 1865?

04:06:52 10 A. Yes.

04:06:53 11 Q. What is it?

04:06:55 12 A. It is the report we use to roll out and
04:07:03 13 communicate our FY -- it was August of 2009, it would
04:07:09 14 have been our FY10 annual planning process.

04:07:17 15 Q. So if we judge a book by its cover,
04:07:21 16 Exhibit 1865 looks rather like Exhibit 1861. Did you
04:07:25 17 prepare one of these Review Reward Recognize reports on
04:07:29 18 an annual basis between 2005 and 2010?

04:07:37 19 A. We communicate and train our annual planning
04:07:40 20 process prior to launching the annual planning process.
04:07:46 21 The materials evolve over time. If something --
04:07:53 22 consistency in -- changing the program design for the
04:07:57 23 sake of changing program design is not a desire. So if
04:08:00 24 we had something that worked, we used it.

04:08:06 25 Q. No point in reinventing the wheel. That's for

05:35:16 1 various financial aspects related to our programs.

05:35:29 2 Q. Do you speak to Mr. Oppenheimer before you
05:35:33 3 propose changes in the compensation program to the
05:35:42 4 compensation committee?

05:35:45 5 A. Which change --

05:35:46 6 Q. I mean, do you -- do you -- do you discuss your
05:35:52 7 proposals regarding -- well, let me just back up.

05:35:56 8 Do you -- does Mr. Oppenheimer ever sign off on
05:36:04 9 any decisions that you make in your work as a senior
05:36:08 10 compensation director?

05:36:17 11 A. By "sign off," a formal process?

05:36:20 12 Q. Do you need his approval to do anything that
05:36:22 13 you do in your work at Apple?

05:36:27 14 A. Each year I review the annual planning process,
05:36:32 15 the proposal with him, prior to -- well, the past couple
05:36:40 16 of years it has been with he and Tim Cook together. And
05:36:43 17 Peter reviews it from a P&L-impact perspective.

05:36:55 18 Q. Would you approve -- would you make your annual
05:36:58 19 planning proposal to the compensation committee without
05:37:04 20 Peter's blessing, formal or informal as it may be?

05:37:07 21 A. No, I --

05:37:08 22 MR. RILEY: Object to the form.

05:37:13 23 MS. LEEBOVE: Q. Did -- were you able to
05:37:14 24 answer the question?

05:37:18 25 A. I wouldn't propose the annual compensation

05:37:22 1 program below Section 16 officers to the compensation
05:37:28 2 committee until I had reviewed it with both Tim and
05:37:32 3 Peter and they were comfortable with the approach.

05:37:37 4 Q. Okay. Do you have a -- well, is there a
05:37:49 5 professional relationship between your position and Phil
05:37:53 6 Schiller's position within Apple?

05:37:58 7 A. Just in that he's a Section 16 officer, but I
05:38:02 8 don't interact with him.

05:38:03 9 MS. LEEBOVE: Okay. I think we can conclude.

05:38:14 10 MR. RILEY: I have a couple of questions.

05:38:14 11

05:38:14 12 EXAMINATION BY MR. RILEY

05:38:14 13 MR. RILEY: Q. Could you please turn to

05:38:19 14 Exhibit 1859.

05:38:23 15 Counsel asked you to read the first sentence
05:38:31 16 and not the second sentence of Exhibit 1859. Could you
05:38:34 17 read that second sentence, please.

05:38:37 18 A. Second sentence in the first paragraph?

05:38:40 19 Q. Yes.

05:38:40 20 A. [REDACTED]

05:38:43 21 [REDACTED]

05:38:45 22 [REDACTED]

05:38:48 23 [REDACTED]

05:38:51 24 Q. [REDACTED]

05:38:55 25 [REDACTED]

05:39:01 1

[REDACTED]

05:39:04 2

[REDACTED]

05:39:07 3

A. [REDACTED].

05:39:10 4

Q. [REDACTED]

05:39:12 5

A. [REDACTED]

05:39:17 6

[REDACTED]

05:39:26 7

MR. RILEY: Thank you.

05:39:29 8

THE VIDEOGRAPHER: This marks the end of video

05:39:31 9

No. 6 and the end of today's proceedings. The time is

05:39:36 10

5:39 p.m. We're going off the record.

05:39:39 11

(The deposition concluded at 5:39 PM)

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1 I, Gina V. Carbone, Certified Shorthand
2 Reporter licensed in the State of California, License
3 No. 8249, hereby certify that the deponent was by me
4 first duly sworn and the foregoing testimony was
5 reported by me and was thereafter transcribed with
6 computer-aided transcription; that the foregoing is a
7 full, complete, and true record of said proceedings.

8 I further certify that I am not of counsel or
9 attorney for either of any of the parties in the
10 foregoing proceeding and caption named or in any way
11 interested in the outcome of the cause in said caption.

12 The dismantling, unsealing, or unbinding of
13 the original transcript will render the reporter's
14 certificates null and void.

15 In witness whereof, I have hereunto set my
16 hand this day: March 27, 2013.

17 _____ Reading and Signing was requested.

18 _____ Reading and Signing was waived.

19 X Reading and signing was not requested.

20

21

22

GINA V. CARBONE

24

CSR 8249, CRR, CCRR

25

In Re: High-Tech Employee Antitrust Litigation

United States District Court, Northern District of California – San Jose Division
Case No. 11-CV-2509-LHK

Deposition Errata Sheet

Steven Burmeister
June 27, 2012

Deposition Page #	Line #	Currently Reads	Change To Read As	Reason for Change
19	4	...nothing to do with time related at Apple.	...nothing to do with time worked at Apple.	Clarification of record
20	14-15	...HR has responsibility for that in the past...	...HR had responsibility for that in the past...	Clarification of record
23	8-9	...year in which the bonus was charged to.	...year that the bonus was charged to.	Clarification of record
43	18	What does the "Field Release Date" mean?	What does the field "Release Date" mean?	Transcription error
43	22	What about the "Field Market Value"?	What about the field "Market Value"?	Transcription error
43	25	What about "Field Name Plan"?	What about the field named "Plan"?	Transcription error
47	4	...remain unvesting...	...remain unvested...	Clarification of record

Dated: August 1, 2012


Steven Burmeister

Name of case: *In re: High-Tech Employee Antitrust Litigation*
Case No. 11-CV-2509-LHK (N.D. Cal.)

Date of deposition: June 27, 2012

Name of witness: **Steven Burmeister**

DECLARATION UNDER PENALTY OF PERJURY

I hereby certify that I read the foregoing deposition, and that the transcription together with any corrections noted on the Deposition Errata Sheet hereof, with the understanding that I offer these changes as if still under oath, is a true and accurate record of my testimony given at the time and place noted.

Signed on the _____ day of August, 2012.


Steven Burmeister